

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Date: October 9, 2014

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

R = State Name
S= Name
x= Number
y= Number
z dollars= Amount

Dear :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code section 4945(g). This approval is required because you are a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our determination

We approved your procedures for awarding scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of Code section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations in Code section 117(c)).

Description of your request

You are operating a grant making program. Your purpose is to enhance access to higher education. The purpose of your program is to provide scholarships to nursing students whose school of nursing is accredited by the R State Board of Nursing. The number of scholarships distributed will vary depending on the amount of funds available. You are required to annually distribute the greater of the net income of the trust or the amount that must be distributed to satisfy Code Section 4942. It's estimated that x individuals on an

annual basis are eligible to apply for the scholarship. You will generally award y scholarships in the range of z dollars.

To be eligible for a scholarship, students must have graduated from a high school or preparatory school in the county of S in R and attend a recognized institute in R whose school of nursing is accredited by the R State Board of Nursing.

Your program will be advertised on a prominent scholarship website as well as the S College website. Applicants must submit a written application, provide detailed financial information, be engaged in studies leading to licensure as a registered nurse, submit a current college transcript (unofficial is accepted) and 2 letters of reference; one from an individual who knows the applicant well and one from a clinical instructor if currently enrolled in a nursing program. If the applicant is a prenursing student, then a letter must be from a science teacher. Applications should be returned to S College.

Applications are reviewed semiannually by a selection committee of three members which your trust document names. They are the current head of the S County Medical Society, or its successor, current President of the S County Nursing Association, or its successor, and the Director of the Nurses Training Program at S College, or its successor. In the event that any one or all of these associations or successor associations cease to exist, you shall appoint sufficient members from organizations having related objectives to provide for a committee of three.

Each year you advise the scholarship selection committee of the amount of funds available to be awarded as scholarships. The members of the selection committee review the scholarship applications and rank the applicants based on their scholastic aptitude, their potential for success in the nursing profession and demonstrated moral and ethical ideals. The scholarship selection then makes a recommendation to you regarding the individuals selected and the amount that should be awarded to each recipient. All scholarships are awarded on an objective and non-discriminatory basis. No scholarship is awarded to any disqualified person as defined in Code Section 4946.

You pay the scholarship proceeds directly to the school that the recipient attends for the benefit of the recipient. You provide a letter to each school specifying that the school's acceptance of the funds constitutes the school's agreement to refund any unused portion of the scholarship if a scholarship recipient fails to meet any term or condition of the scholarship and notify you if the scholarship recipients fails to meet any term or condition of the scholarship.

If the school will not agree to such terms, they are to return the check and you will obtain proof of enrollment and a grade transcript from the student. You will do this by sending a grant letter to the student and have them sign to acknowledge individual expenditure responsibility before any check is mailed to the student. If the student does not sign the agreement and provide proof of enrollment and grade transcripts, they will not receive the scholarship.

You arrange to receive and review grantee reports annually and upon completion of the purpose for which the scholarship was awarded, investigate diversions of funds from their intended purpose and take all reasonable and appropriate steps to recover diverted funds, ensuring other scholarship funds held by a recipient are used for their intended purpose and withhold further payments to recipients until you obtain assurances that future diversions will not occur and that the recipient will take extraordinary precautions to prevent future diversions.

You maintain all records relating to individual grants, including information obtained to evaluate grantees, identify whether a grantee is a disqualified person, establish the amount and purpose of each grant, and establish that you undertook the supervision and investigation of grants awarded.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is a scholarship or fellowship subject to the provisions of Code section 117(a).
- The grant is to be used for study at an educational organization described in Code section 170(b) (1) (A) (ii).

Other conditions that apply to this determination

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You may report any significant changes to your program by completing Form 8940 and sending it to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.

- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c) (2) (B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

Please keep a copy of this letter in your records.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations